

# Agenda

## Item #5



STATE OF MAINE  
COMMISSION ON GOVERNMENTAL ETHICS  
AND ELECTION PRACTICES  
135 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0135

To: Commissioners

From: Jonathan Wayne, Executive Director

Date: January 18, 2010

Re: Suggested Contingency Plans for Maine Clean Election Fund in 2010

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As background for the rulemaking in agenda item 6, this memo is to convey the current thinking by the Commission staff concerning contingency plans if there were a shortfall in the Maine Clean Election Fund in the 2010 elections. We continue to be hopeful that there will be no shortfall, but it is important for the staff to plan for the more expensive scenarios. At this time, we do not recommend taking any action other than adopting the rule amendments in item 6 of the agenda.

The cost of the legislative portion of the Maine Clean Election Act (MCEA) program is fairly predictable. The big variable is the cost of the MCEA gubernatorial candidates. The candidates who have declared an intention to qualify are listed in the following table.

<b>Democratic</b>	<b>Republican</b>	<b>Green</b>	<b>Independent</b>
Elizabeth Mitchell	Peter Mills	Lynne Williams	Alex Hammer
Pat McGowan			John Whitcomb
John Richardson			Christopher Cambron
Donna Dion			

Given the difficulty of qualifying, the staff estimates that three to five of these candidates will qualify. In the attachments, we have included a table that shows the projected cost of the MCEA gubernatorial program in four scenarios A - D. In scenarios A and B, there

would be no shortfall. In scenarios C and D, there would be a shortfall, in which case the Commission would need to reduce the public funds paid to candidates in the program. Candidates would make up the difference through raising campaign contributions.

On another page, I have shown the staff's current thinking for how to reduce public funds payments in scenarios C and D. My suggestion is that the Commission reduce the overall cost of the program to achieve a \$300,000 cushion in case the legislative part of the program exceeds our projections.

In the view of the Commission staff, Scenario C is a manageable situation for most of the candidates. Scenario D would be a significant change in the MCEA program. The good news from a fiscal perspective is that scenario D would result only if there were three candidates in the general election who were publicly funded (for example, one Democrat, one Republican, and one Green). That scenario is possible, but unlikely.

Thank you for your consideration of this memo.

## Maine Clean Election Fund

### Overview of Projected Revenues and Expenditures for FY 2010, 2011 (1/1/10)

<u>Scenario A</u> MCEA Candidates: 3 in Primary 2 in General	<u>Scenario B</u> MCEA Candidates: 4 in Primary 2 in General	<u>Scenario C</u> MCEA Candidates: 5 in Primary 2 in General	<u>Scenario D</u> MCEA Candidates: 5 in Primary 3 in General
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#### Revenue for FY 2010 (after 1/1/10)

Expected Cash Balance on 12/31/09  
Annual Transfer (1/1/10)  
Additional Transfer by 6/1/10  
Qualifying Contributions in 2010  
Taxpayer Check-Off (6/30/10)  
Interest  
Penalties  
**Total**

\$3,353,334	\$3,353,334	\$3,353,334	\$3,353,334
\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
\$198,650	\$214,900	\$231,150	\$231,150
\$175,000	\$175,000	\$175,000	\$175,000
\$16,040	\$15,820	\$15,123	\$15,123
\$2,000	\$2,000	\$2,000	\$2,000
<b>\$7,745,024</b>	<b>\$7,761,054</b>	<b>\$7,776,607</b>	<b>\$7,776,607</b>

#### Expenditures for FY 2010 (after 1/1/10)

Personnel  
Transfers, IT, and Other Admin Costs  
Leg. - Primary Initial Payments  
Leg. - Primary Matching Funds  
Leg. - General Initial Payments  
Gov. - Primary Initial Payments  
Gov. - Primary Matching Funds  
Gov. - General Initial Payments  
**Total**

\$189,425	\$189,425	\$189,425	\$189,425
\$523,122	\$525,647	\$533,220	\$533,220
\$375,432	\$375,432	\$375,432	\$375,432
\$30,764	\$30,764	\$30,764	\$30,764
\$2,354,024	\$2,354,024	\$2,354,024	\$2,354,024
\$1,200,000	\$1,400,000	\$1,800,000	\$1,800,000
\$600,000	\$600,000	\$800,000	\$800,000
\$1,200,000	\$1,200,000	\$1,200,000	\$1,800,000
<b>\$6,472,766</b>	<b>\$6,675,291</b>	<b>\$7,282,864</b>	<b>\$7,882,864</b>

#### Revenue for FY 2011

Cash Balance from FY 2010  
Annual Transfer by 9/1/10  
Taxpayer Check-Off (6/30/11)  
Interest  
Penalties  
**Total**

\$1,272,257	\$1,085,763	\$493,743	-\$106,257
\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
\$175,000	\$175,000	\$175,000	\$175,000
\$8,600	\$7,272	\$3,508	\$2,017
\$4,000	\$4,000	\$4,000	\$4,000
<b>\$3,459,857</b>	<b>\$3,272,035</b>	<b>\$2,676,251</b>	<b>\$2,074,760</b>

#### Expenditures for FY 2011

Personnel  
Transfers, IT, and Other Admin Costs  
Leg. - General Matching Funds (NET)  
Gov. - General Matching Funds  
**Total**

\$438,665	\$438,665	\$438,665	\$438,665
\$474,643	\$474,643	\$474,644	\$489,699
\$744,586	\$744,586	\$744,586	\$744,586
\$1,200,000	\$1,200,000	\$1,200,000	\$1,800,000
<b>\$2,857,894</b>	<b>\$2,857,894</b>	<b>\$2,857,895</b>	<b>\$3,472,950</b>

#### Projected Balance on 11/2/10 Election

<b>\$417,769</b>	<b>\$230,832</b>	<b>-\$362,595</b>	<b>-\$1,571,409</b>
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**Four Cost Scenarios for 2010 MCEA Gubernatorial Candidates**  
(Traditional Candidates Not Shown)

	Primary Election Initial Payment	Primary Election Matching Funds	General Election Initial Payment	General Election Matching Funds	Total for Candidate
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Scenario A - 3 in primary, 2 in general (no shortfall)					
Democrat 1	\$400,000	\$200,000	\$600,000	\$600,000	\$1,800,000
Democrat 2	\$400,000	\$200,000			\$600,000
Republican 1	\$400,000	\$200,000	\$600,000	\$600,000	\$1,800,000
<b>Total</b>	<b>\$1,200,000</b>	<b>\$600,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>	<b>\$4,200,000</b>

Scenario B - 4 in primary, 2 in general (no shortfall)					
Democrat 1	\$400,000	\$200,000	\$600,000	\$600,000	\$1,800,000
Democrat 2	\$400,000	\$200,000			\$600,000
Republican 1	\$400,000	\$200,000			\$600,000
Other Candidate	\$200,000		\$600,000	\$600,000	\$1,400,000
<b>Total</b>	<b>\$1,400,000</b>	<b>\$600,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>	<b>\$4,400,000</b>

Scenario C - 5 in primary, 2 in general (must reduce MCEA payments by \$662,000)					
Democrat 1	\$400,000	\$200,000	\$600,000	\$600,000	\$1,800,000
Democrat 2	\$400,000	\$200,000			\$600,000
Democrat 3	\$400,000	\$200,000			\$600,000
Republican 1	\$400,000	\$200,000			\$600,000
Other Candidate	\$200,000		\$600,000	\$600,000	\$1,400,000
<b>Total</b>	<b>\$1,800,000</b>	<b>\$800,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>	<b>\$5,000,000</b>

Scenario D - 5 in primary, 3 in general (must reduce MCEA payments by \$1,871,000)					
Democrat 1	\$400,000	\$200,000	\$600,000	\$600,000	\$1,800,000
Democrat 2	\$400,000	\$200,000			\$600,000
Democrat 3	\$400,000	\$200,000			\$600,000
Republican 1	\$400,000	\$200,000	\$600,000	\$600,000	\$1,800,000
Other Candidate	\$200,000		\$600,000	\$600,000	\$1,400,000
<b>Total</b>	<b>\$1,800,000</b>	<b>\$800,000</b>	<b>\$1,800,000</b>	<b>\$1,800,000</b>	<b>\$6,200,000</b>

## Staff Proposals to Reduce MCEA Payments in Shortfall Scenarios C and D (preliminary)

Scenario C	Expected 2010 Maine Clean Election Act Payments			Reductions in Payments to Save Roughly \$662,000 - Scenario C			
	(A) Expected payment amount	# of candidates projected	Total of Payments	(B) Reduction (raised by candidate)	(C) Reduced Payment	Savings	Number of contributions each candidate could raise
House (June initial payment)	\$4,144	255	\$1,056,720	\$700	\$3,444	\$178,500	2 conts of \$350
Senate (June initial payment)	\$19,078	68	\$1,297,304	\$2,450	\$16,628	\$166,600	7 conts of \$350
Governor (Sept-Oct matching funds)	\$600,000	2	\$1,200,000	\$160,000	\$440,000	\$320,000	190 conts of \$750
						\$665,100	

Scenario D	Expected 2010 Maine Clean Election Act Payments			Reductions in Payments to Save Roughly \$1,871,000 - Scenario D			
	(A) Expected payment amount	# of candidates projected	Total of Payments	(B) Reduction (raised by candidate)	(C) Reduced Payment	Savings	Number of contributions each candidate could raise
House (June initial payment)	\$4,144	255	\$1,056,720	\$1,750	\$2,394	\$446,250	5 conts of \$350
Senate (June initial payment)	\$19,078	68	\$1,297,304	\$8,050	\$11,028	\$547,400	23 conts of \$350
Governor (Sept-Oct matching funds)	\$600,000	3	\$1,800,000	\$300,000	\$300,000	\$900,000	400 conts of \$750
						\$1,893,650	